No. 04-1350

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

KSR INTERNATIONAL CO.,

Petitioner,

v.

TELEFLEX, INC., *et al.*,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF *AMICUS CURIAE* INTERNATIONAL BUSINESS MACHINES CORPORATION IN SUPPORT OF NEITHER PARTY

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QUESTION PRESENTED

Whether the Federal Circuit erred in holding that a claimed invention cannot be held "obvious," and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven "'teaching, suggestion, or motivation' that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed."

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United States Patent & Trademark Office, USPTO RELEASES ANNUAL LIST OF TOP 10 ORGANIZATIONS RECEIVING MOST U.S. PATENTS (Jan. 10, 2006) 1

International Business Machines Corporation ("IBM") respectfully submits this brief pursuant to Supreme Court Rule 37.3 in support of neither party.[1] IBM urges the Court to vacate the judgment of the United States Court of Appeals for the Federal Circuit and remand the case in light of the non-obviousness test proposed herein.

INTEREST OF *AMICUS CURIAE*

IBM is widely acknowledged as a leader in patent acquisition and exploitation. In the last decade alone, IBM has received tens of thousands of patents; it has been awarded more United States patents than any other assignee in each of the past thirteen years, and it earns hundreds of millions of dollars every year from licensing its intellectual property portfolio.[2] IBM is also a globally recognized leader in the field of information technology research, development, design, manufacturing, and services. IBM's business interests encompass a broad range of industries and fields that enable, and are enabled by, information technology, including electrical engineering, software and computer technology, life sciences, physical and organic chemistry, business consulting, computer services, and the mechanical arts.

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[1] Pursuant to Supreme Court Rule 37.6, IBM states that no counsel for a party authored this brief in whole or in part, and no person or entity other than IBM has made a monetary contribution to the preparation or submission of this brief. All parties have consented to the filing of this amicus brief, and their consent letters are on file with the Clerk's Office.

[2] The United States Patent and Trademark Office reported that in 2005, IBM received 2,941 patents, which is over 1,100 more United States patents than any other company. *See* United States Patent & Trademark Office, USPTO RELEASES ANNUAL LIST OF TOP 10 ORGANIZATIONS RECEIVING MOST U.S. PATENTS (Jan. 10, 2006), *available at* http://www.uspto.gov/web/offices/com/speeches/06-03.htm (last visited Aug. 17, 2006).

In light of its large patent portfolio, diverse business, and innovative research and development, IBM has an interest in this case both as a patent holder and as a manufacturer subject to infringement claims. That is, as one of the most successful licensors of patented technology in the world, IBM relies on its patent rights to secure licenses. And, as a large corporation focused on offering innovative products and services in a broad range of fields, IBM is frequently forced to defend against charges of infringement.

IBM thus has a strong interest in maintaining a fair patent system that promotes innovation in all industries and properly balances the interests of the patent owner, the accused infringer, and the public, rather than favoring any particular party. IBM's interest is in establishing clear rules for a workable patent system that will provide increased certainty about the scope and validity of patent rights for patent owners, who rely on those rights to enforce their patents, and for members of the public, who rely on understanding a patent's exclusive scope to determine what is, and is not, in the public domain.

STATEMENT

This case presents one of the most fundamental and frequently recurring questions in patent law—how the requirement that an invention be "non-obvious" applies to a claimed invention where all of the invention's elements are found in the prior art, *e.g.*, previously published references.

1. The Patent Act of 1952, 35 U.S.C. §§ 100 *et seq.*, provides that an invention is patentable only if it satisfies three independent requirements. *See Graham v. John Deere Co.*, 383 U.S. 1, 12 (1966) (observing that "patentability is dependent upon three explicit conditions: novelty and utility as articulated in § 101 and § 102, and non-obviousness . . . , as set out in § 103").

First, the claimed invention must be "useful"—the Act's "utility requirement." *See* 35 U.S.C. § 101. Second, the

claimed invention must not have been, among other things, previously "known or used by others in this country," or "patented or described in a printed publication in this or a foreign country"—the requirement of newness or "novelty." *Id.* § 102 (a), (b). And, third, the invention must not "have been obvious at the time the invention was made" to a person of "ordinary skill in the art"—the "non-obviousness" requirement at issue here. *Id.* § 103(a).

2. The question whether an invention satisfies the Patent Act's requirements is subject to consideration through two separate procedural vehicles established under the Patent Act.

Initially, a determination of patentability is made administratively as a result of the patent application process before the U.S. Patent and Trademark Office ("PTO"). As part of this process, the applicant seeking to patent an invention submits, among other things, a specification, *see* 35 U.S.C. § 111(a)(2)(A), which is a "clear" and "concise" written description of the invention, and may also submit a drawing. *Id.* §§ 112, 113. The applicant must conclude his specification with a claim or claims that "poin[t] out and distinctly clai[m] the subject matter which the applicant regards as his invention." *Id.* § 112. The specification and claims are examined by the PTO to determine the patentability of the claimed invention and define the scope of protection afforded by the patent. In addition, they are used in statutory proceedings for review of PTO decisions—before the Board of Patent Appeals and Interferences, the United States District Court for the District of Columbia, or the Court of Appeals for the Federal Circuit—if the PTO determines that an application is not patentable and review is sought. *See id.* §§ 134, 141, 145. Thus, the patent application process calls for the creation of the specification and claims, which are intended to provide notice to the public and reviewing bodies of the nature and scope of the invention covered by the patent. *See Warner-Jenkinson*

Corp. v. Hilton Davis Chem. Co., 520 U.S. 17, 29 (1997) (referring to "the definitional and public notice functions of the statutory claiming requirement").

The validity of a patent may also be reviewed by federal courts in patent infringement actions. *See generally* 35 U.S.C. § 271. That is, where a patent is allegedly infringed, the patentee may sue to enforce its right to exclude others and seek relief in an appropriate federal court. In response, the defendant may challenge the "validity . . . of the patent," including whether the claimed invention satisfies the requirements of utility, novelty and non-obviousness. *Id.* § 282.

As a matter of patent policy, the requirements for patentability and patent validity should be clear and predictable. As the Court has explained, "[t]he monopoly [conferred by a patent] is a property right; and like any property right, its boundaries should be clear." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 730 (2002). Otherwise, the public cannot discern the scope of the patent until after all infringement litigation has concluded and will not invest in innovative products that might potentially fall within the patent's scope. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989).

3. This case concerns the meaning and application of the non-obviousness requirement in cases where a claimed invention is a combination of elements found in two or more prior art references. In the proceedings below, the Federal Circuit held that an invention combining such elements is non-obvious unless the prior art teaches, suggests, or motivates their combination—the Federal Circuit's "teaching-suggestion-motivation test." *See* Pet. App. 1a-17a. To make this showing, the Federal Circuit requires evidence of the "*specific understanding* or principle within the knowledge of the skilled artisan that would have motivated

one with no knowledge of [the] invention to make the combination" in "the particular manner claimed" in the patent. *Id.* at 11a-12a (internal quotation marks and citation omitted; emphasis added). Thus, according to the Federal Circuit, an invention combining elements in the prior art is non-obvious absent "specific findings as to a suggestion or motivation" to make the patented combination. *Id.* at 12a.

SUMMARY OF THE ARGUMENT

As a company that is both a patent holder relying on its patent rights to secure licenses and a global provider of diverse products and services subject to claims of infringement by others, IBM has a unique interest in establishing a balanced, clear, and practically-applicable test for non-obviousness. In its view, the approaches suggested to this Court to determine non-obviousness either overly-restrict or overly-broaden the non-obviousness requirement, or lack the clarity necessary to be practically applicable.

For example, the Federal Circuit's current application of the teaching-suggestion-motivation test renders far too many trivial inventions non-obvious and thereby results in the granting and successful enforcement of many meritless patents. By holding, as it did below, that a combination of references is obvious only where the prior art *specifically* teaches or motivates the combination, the Federal Circuit has raised the evidentiary bar so high that, to demonstrate obviousness, it effectively requires a complete *written* explanation in the prior art references to make the claimed combination. Trivial combinations, however, are rarely the subject of published material.

The alternate tests suggested by KSR and the Solicitor General, respectively, are too difficult to satisfy and too amorphous to provide a clear and workable rule. KSR would have this Court eliminate the Federal Circuit's longstanding teaching-suggestion-motivation test entirely and examine, instead, whether the combination of existing elements results

in an invention with new "synergies" or "new functions." This test is unsupported by the language of § 103, is inconsistent with the weight of this Court's precedents, would lead to hindsight determinations that inventions are obvious, and would work too dramatic a shift in patent law. The Solicitor General, while properly recognizing a role for the teaching-suggestion-motivation test, argues that the test should not be the exclusive means to show obviousness but does not define what the other tests should be. The Solicitor General's recommendation thus lacks clarity, will effectively relegate determinations of non-obviousness to infringement litigation, and will deprive the public of effective notice of the scope of patent rights.

IBM proposes a different test for non-obviousness that is consistent with the Patent Act and existing precedents, is clear and workable, and strikes a balance between all of the various approaches heretofore suggested to the Court: retain the basic teaching-suggestion-motivation test, but apply a rebuttable presumption that elements found in multiple prior art references would be combined by the skilled artisan, when all of the elements are found in references within the "analogous art." Analogous art is a well-known and long-established concept in patent law referring to prior art derived from the field of the problem or invention; it already defines boundaries on the scope of prior art considered for non-obviousness determinations. *See infra* pp. 18-19. A patent applicant can narrow and focus the scope of the art to which the presumption applies, moreover, by narrowing and focusing the scope of the claimed invention during the patent application process. The applicant can also rebut the presumption with evidence that a skilled artisan would not have been motivated to combine the references. Secondary considerations of non-obviousness would remain probative of the ultimate determination of obviousness as under current law but would not be available to rebut the presumption unless those considerations are otherwise probative of the

skilled artisan's motivation to combine. By encouraging the patent applicant to define the scope of the invention more precisely in the application process in order to narrow the body of art from which presumptively combinable references will be drawn, the scope and validity of the issued patent will be better defined in the public record of the application process. Thus, the applicant and public will be better positioned to understand the patent's scope without resort to litigation, which will advance the intent of the patent system to promote innovation.

ARGUMENT

I. THE FEDERAL CIRCUIT'S CURRENT APPLICATION OF THE TEACHING-SUGGESTION-MOTIVATION TEST IS CONTRARY TO STATUTE AND SOUND PATENT POLICY.

The Federal Circuit currently requires that patent examiners and challengers provide *specific* evidence that a combination was taught or suggested in the prior art to show that an invention combining elements in the prior art is obvious. This formulation of the teaching-suggestion-motivation test is flawed, because it raises the bar for showing obviousness so high that it effectively collapses the novelty and non-obviousness tests for patentability and materially diminishes the quality of patents.

A. The Federal Circuit's Current Application Of The Teaching-Suggestion-Motivation Test Is Effectively Equivalent To The Test For Novelty.

It is well-established that the utility, novelty, and non-obviousness requirements are separate and independent. *See* 35 U.S.C. §§ 101-03. As this Court has recognized, "the structure of these three sections indicates that patentability is dependent upon *three* explicit conditions: "novelty and utility as articulated and defined in § 101 and § 102, and

non-obviousness . . . as set out in § 103." *Graham*, 383 U.S. at 12.

With respect to novelty and non-obviousness, the former examines whether an express description of a claimed invention exists in a single prior art reference, while the latter examines whether a claimed invention can be deduced from a single or multiple references. Thus, "[t]he non-obviousness requirement *extends* the field of unpatentable material *beyond that which is known to the public* under § 102, to include that which could readily be *deduced* from publicly available material by a person of ordinary skill in the pertinent field of endeavor." *Bonito Boats*, 489 U.S. at 150 (emphasis added).

Contrary to Congress's intent to define three separate requirements for patentability, however, the Federal Circuit's current application of the teaching-suggestion-motivation test effectively equates novelty and non-obviousness where the patent at issue involves a combination of existing elements. To demonstrate obviousness, the court requires (as it did below) not only evidence that all the elements of the claimed invention are found in the prior art, but also evidence of the "*specific understanding* or principle within the knowledge of the skilled artisan that would have motivated one with no knowledge of [the] invention to make the combination" in "the particular manner claimed" in the patent. Pet. App. 11a-12a (internal quotation marks and citation omitted; emphasis added). The Federal Circuit has typically applied this evidentiary requirement of a specific teaching or motivation so strictly that it is extremely difficult to prove obviousness without producing an explicit written statement in the prior art that teaches or suggests the combination. *See, e.g.*, *In re Zurko*, 258 F.3d 1379, 1386 (Fed. Cir. 2001) ("[T]he Board cannot simply reach conclusions based on its own understanding or experience—or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some

concrete evidence in the record in support of these findings.").[3] Thus, as a practical matter, the only way to prove a specific teaching to combine elements is to ferret out prior art that *explicitly* teaches or motivates the combination.[4]

This is, for all intents and purposes, the test for novelty. The purpose of § 102's novelty requirement is "to exclude from consideration for patent protection knowledge that is already available to the public" in the prior art. *Bonito Boats*, 489 U.S. at 148. The purpose of § 103 is to exclude from patent protection knowledge that can be *deduced* from the prior art. *Id.* at 150. But, the Federal Circuit has raised the evidentiary requirement for the teaching-suggestion-motivation test so high that obviousness, like a lack of novelty, can effectively be demonstrated only when the claimed combination is *expressly* taught in the prior art.

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[3] *See In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002) (where the Board of Patent Appeals and Interferences "rejected the need for 'any specific hint or suggestion in a particular reference' to support the combination of . . . references" and relied instead on the common knowledge of those skilled in the art, the Federal Circuit held that the Board had omitted from its analysis "a relevant factor required by precedent [that caused it to commit] both legal error and arbitrary agency action"). *See also In re Kotzab*, 217 F.3d 1365, 1370-71 (Fed. Cir. 2000); *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1348-49 (Fed Cir. 2000).

[4] After this Court issued its order calling for the views of the Solicitor General on whether *certiorari* should be granted, the Federal Circuit suggested that "the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references." *See In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006) (internal quotation marks omitted). The Federal Circuit, however, has not consistently endorsed a test for an "implied" teaching, suggestion or motivation. Moreover, the court's evidentiary requirements make satisfying any implied test extremely difficult.

B. The Federal Circuit's Current Application Of The Teaching-Suggestion-Motivation Test Has Proven Unduly Burdensome And Has Resulted In The Issuance And Successful Enforcement Of Trivial Patents.

The Federal Circuit's approach to non-obviousness has undercut patent law and policy.

First, the court's current application of the teaching-suggestion-motivation test is inconsistent with the Patent Act and this Court's precedents. Section 103 of the Patent Act provides that non-obviousness is to be determined, not by express references in the prior art, but by the deductions of a "person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). In light of this language, this Court has long recognized that "the 'obviousness' test of § 103 is not one which turns on whether an invention is equivalent to some element in the prior art but rather whether the difference between the prior art and the subject matter in question is a difference sufficient to render the claimed subject matter unobvious *to one skilled in the applicable art*." *Dann v. Johnston*, 425 U.S. 219, 228 (1976) (internal quotation marks and citation omitted; emphasis added). Thus, "in assessing obviousness, the analysis should ascribe to the person having ordinary skill in the art an ability to combine or modify prior art references that is consistent with the creativity and problem solving skills that in fact are characteristic of those having ordinary skill in the art." Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, Ch. 4, at 15 (Oct. 2003) ("FTC Report") *available at* www.ftc.gov/os/2003/10/innovationrpt.pdf (last visited Aug. 17, 2006). Because the effect of the Federal Circuit's approach is that the teaching must *explicitly* exist in the prior art, the Federal Circuit ascribes no deductive capability to the person having ordinary skill in the art and thus has effectively eliminated § 103's requirement that non-

obviousness determinations be based on such a person's deductive skills.

Second, the Federal Circuit's application of the test has reduced patent quality. There can be no debate that "creative people generally speaking strive to publish non-obvious information. So if it is obvious to those of skill in the art to combine references, it is unlikely that they will publish such information." National Research Council of National Academics, *A Patent System for the 21st Century*, 59, 90 (2004), *available at* http://www.nap.edu/html/patentsystem/0309089107.pdf (last visited Aug. 17, 2006) ("NRC Study"). Because skilled artisans tend not to publish obvious combinations, the Federal Circuit's effective requirement of an express teaching-suggestion-motivation means that inventions whose elements are all found among a combination of prior art references are being judged non-obvious "when only a modicum of additional insight [by those skilled in the art] is needed." FTC Report, Ch. 4, at 14.

Reducing the standards for obtaining a patent to the point where inappropriate patents for trivial variations are granted is contrary to the public good. As this Court observed well over one-hundred years ago:

> It was never the object of [patent] laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the art. It embarrasses the honest pursuit of business with fears

> and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.

Atl. Works v. Brady, 107 U.S. (17 Otto) 192, 200 (1883).

Third, the Federal Circuit's application of the teaching-suggestion-motivation test has shifted determinations of non-obviousness from the patent application process to infringement litigation. Application of the Federal Circuit's test places undue burdens on patent examiners who, with limited time and resources, are unlikely to locate an explicit teaching to combine the prior art before them and thus cannot effectively require applicants to clearly delineate the proper scope of their inventions. Consequently, the bar for patentability is set too low; many broadly-claimed and ill-defined patents are granted with little or no guidance in the record of patent prosecution for the public to examine and evaluate non-obviousness. Issued patents thus lack the "clarity" of property rights that this Court has found "essential to promote progress, because it enables efficient investment in innovation." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 730-31 (2002). "A patent holder should know what he owns, and the public should know what he does not" to satisfy "the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas beyond the inventor's exclusive rights." *Id.*; *Bonito Boats*, 489 U.S. at 150.

In the absence of such clarity, the public cannot tell whether an issued patent is obvious in light of prior art until the patent is litigated and cannot otherwise discern the proper scope of the patent. After commencing litigation, the defendant is typically forced under the Federal Circuit's test to locate an express reference in the prior art without any clear record of the patent's scope, leading to the current

imbalanced state in which patent applicants can easily satisfy the non-obviousness requirement during the application process but defendants seeking to prove obviousness must overcome extremely stringent evidentiary requirements. As a result, innovation is hampered, because the risk of costly infringement litigation is too high.

Given the state of the law as described above, the risk of infringement litigation is unreasonably high, trivial patents are allowed to stand, innovation is hampered, and the public pays the price of unwarranted monopolies. This Court should not uphold the Federal Circuit's current application of the teaching-suggestion-motivation test.

II. THE ALTERNATE TESTS OFFERED BY KSR AND THE SOLICITOR GENERAL ARE FLAWED.

A. KSR's Approach Sets The Patentability Bar Too High, Injects Uncertainty Into The Patent System, And Will Block The Patenting Of Truly Meritorious Inventions.

To avoid the problems of the Federal Circuit's current approach, KSR proposes that this Court eliminate the teaching-suggestion-motivation test and hold that an invention combining elements found in prior art references is obvious "unless the combination produces 'a new or different function' or demonstrates a 'synergistic result.'" Pet. 14 (quoting *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 60-61 (1969)). Thus, in KSR's view, a combination is obvious if it "unites old elements with no change in their respective functions unless the combination results in a new function." *Id.* at 16. KSR's complete abandonment of the teaching-suggestion-motivation test, however, is inconsistent with the weight of this Court's obviousness precedents, unworkable, and too dramatic a departure from the Federal Circuit's existing test.

This Court's precedents establish that obviousness is determined by "deduc[ing] from publicly available material" what would have been obvious to "a person of ordinary skill in the pertinent field of endeavor." *Bonito Boats*, 489 U.S. at 150. For over 40 years, since *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Court has held that this deduction is made as follows: "the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined." *Id.* at 17. Thus, the Court judges non-obviousness over the relevant prior art as a whole, through the eyes of one skilled in the relevant art. While the existence of a synergy might provide evidence of non-obviousness, KSR's claim that an invention combining prior art references is non-obvious *only* if it results in a new synergy or function is a fundamental break from this Court's long-standing approach toward non-obviousness.

KSR's reliance on *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 274 (1976), and *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969), to demonstrate the purported validity of its "synergy" test, moreover, is misplaced. Neither case abandons *Graham*'s non-obviousness test. And, to the extent they can be read to add a *requirement* of "synergy" or "function" to the *Graham* analysis, the cases have been criticized as an inconsistent departure from this Court's precedents, unclear and unworkable. *See, e.g.*, Martin J. Adelman, PATENT LAW PERSPECTIVES § 2.6, at 2-421 (2d ed. 2006) (*Sakraida*'s synergy test did not "clarify the law and provide thoughtful guidance for lower courts. It will not reduce uncertainty and

confusion nor promote the orderly administration of justice").[5] After all, when an invention can be found obvious based solely on a subjective determination of synergy, the tendency will be to find the prior art references obviously combinable, regardless of whether it would have actually been obvious to make the combination. Thus, application of KSR's synergy test would lead to impermissible hindsight determinations of obviousness—the determinations will be impacted by "the temptation to read into the prior art the teachings of the invention in issue." *Graham*, 383 U.S. at 36; Adelman, *supra*, § 2.6, at 2-421.

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[5] *See also* F. Scott Kieff & Troy A. Paredes, *The Basics Matter At the Periphery of Intellectual Property*, 73 GEO. WASH. L. REV. 174, 178 (2004) (observing that in *Sakraida* and *Anderson's-Black Rock* "the Court reinjected confusion into the nonobviousness doctrine by contriving new requirements for 'synergism' and 'combination' patents"); Giles S. Rich, *Escaping The Tyranny of Words—Is Evolution In Legal Thinking Impossible?*, 60 J. PAT. OFF. SOC'Y 271, 296 (1978) (observing that the mistake in *Sakraida* was the Court's "apparently unthinking adherence to the outworn and unhelpful [] requirement for invention, after telling the world in *Graham* that Congress has emphasized non-obviousness as the operative test, which is the new statutory formulation") (internal quotation marks and citation omitted); David E. Wigley, *Evolution of the Concept of Non-Obviousness of the Novel Invention: From a Flash of Genius to the Trilogy*, 42 ARIZ. L. REV. 581, 597 (2000) ("After the *Anderson's-Black Rock* and *Ag Pro* decisions, confusion prevailed among the district courts and various circuits in their applications and opinions on § 103."); Note, Jeffrey A. Simenauer, *Patentability of Computer-Related Inventions: A Criticism of the PTO's View on Algorithms*, 54 GEO. WASH. L. REV. 871, 898 n.158 (1986) (observing that the synergistic "standard of patentability was not widely accepted because it was viewed as having a chilling effect on the promotion of science and the useful arts, a result clearly contrary to Article I, § 8, cl. 8 of the Constitution. This standard is also considered unreasonable because every invention ultimately comprises a combination of old elements") (citation omitted).

Completely abandoning the teaching-suggestion-motivation test, as KSR proposes, would be undesirable from a patent policy perspective. As KSR acknowledges, "[t]he Federal Circuit's 'teaching-suggestion-motivation test' has been applied in *hundreds* of cases," Pet. 3 (emphasis added), and practitioners, inventors, and businesses, including IBM, have come to rely on it. When reviewing such a long-standing test, "courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community." *Festo Corp.*, 535 U.S. at 739.

B. The Solicitor General's Approach Will Drive Non-Obviousness Determinations Into Infringement Litigation And Reduce Certainty And Clarity In The Patent System.

In his amicus brief supporting a grant of *certiorari*, the Solicitor General argues that the Court should retain the teaching-suggestion-motivation test but hold that the Federal Circuit erred in treating it as "the *exclusive* means of showing obviousness." Br. of U.S. at 13 (filed May 25, 2006) (emphasis in original). The Solicitor General further suggests that this Court leave these other tests largely undefined, because in his view, non-obviousness should be judged on a "case-by-case" basis. *Id.* at 11. Thus, the Solicitor General would have the Court turn obviousness into a sort of "I'll know it when I see it" test. While the Solicitor General's approach is an improvement on KSR's because it retains some role for the well-established teaching-suggestion-motivation test, it should not be adopted because it is ultimately standard-less.

This Court has repeatedly stressed the need for clarity in patent laws. *See supra* pp. 12-13. Thus, it has moved away from tests that require subjective determinations by judges, to objective tests that are readily applicable by patent examiners and readily understood by patent applicants and

challengers. *See Festo Corp.*, 535 U.S. at 739; *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 65-66 & n.11 (1998).

The Solicitor General's test, however, fails to provide any clear standard for determining non-obviousness, leaving the determination to the courts on a "case-by-case" basis. This approach is perhaps more flawed than the current test for non-obviousness from a practitioner's perspective, because no one, not patent owners, challengers, nor the public, will be able to meaningfully judge the valid scope of a patent until *all* judicial review of the patent—both the patent application process and infringement litigation—is complete. Leaving the non-obviousness test as a purely subjective review of each case means that there is an enhanced potential for any reviewing body to examine the facts and disagree with the conclusions of the prior reviewing body. As a result, there can be no predictability in the patent process until the last court has completed its review of the patent.

Leaving the test for non-obviousness largely undefined and subjective will also inevitably lead to decisions by hindsight. Indeed, the Solicitor General's suggestion that non-obviousness be left to an undefined, case-by-case determination is, in this respect, akin to this Court's pre-1952 tests for patentability, which required judges to examine the subject of the patent as a whole and determine whether it constituted an "invention." *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 151 (1950). Like this pre-1952 approach, the Solicitor General's determination would be "the culmination of subjective hindsight-ridden and inconsistent judicial determination . . . on the part of judges having no day-to-day familiarity with what would be obvious or unobvious to a person of ordinary skill in the art" as required by § 103. Adelman, *supra*, § 2.6, at 2-415. Accordingly, to provide the clarity that is essential for the proper operation of the patent system, this Court should not adopt the Solicitor General's standard-less and ill-defined test for non-obviousness.

III. APPLYING A REBUTTABLE PRESUMPTION TO THE CURRENT TEACHING-SUGGESTION-MOTIVATION TEST WOULD SATISFY STATUTORY REQUIREMENTS, COMPLY WITH THIS COURT'S PRECEDENTS, AND ADVANCE SOUND PATENT POLICY.

A. IBM's Approach Would Apply A Rebuttable Presumption That A Person Having Ordinary Skill In The Art Would Be Motivated To Combine Existing Prior Art References Within The Analogous Art.

IBM's approach to non-obviousness would retain the long-standing teaching-suggestion-motivation test, but establish a clear rule permitting the application of a rebuttable presumption that prior art references would be combined by one of ordinary skill in the art in certain appropriate instances. When this presumption applies, a specific showing of motivation, teaching, or suggestion to combine would not be required.

In IBM's view, references should be *presumed* combinable by a person having ordinary skill in the art where the references are within the scope of the "analogous art." Analogous art is prior art "in the field of the applicant's endeavor or, if not, then . . . reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992). The doctrine of analogous art is a well-established and familiar concept in patent law that has its origin in this Court's 1895 decision in *C & A Potts & Co. v. Creager*, 155 U.S. 597 (1895), and already serves to define boundaries on the scope of prior art considered in non-obviousness determinations. *See, e.g., In re Clay*, 966 F.2d 656, 658 (Fed. Cir. 1992) ("Although § 103 does not, by its terms, define the art to which the subject matter sought to be patented pertains, this

determination is frequently couched in terms of whether the art is analogous or not, *i.e.*, whether the art is too remote to be treated as prior art.") (internal quotation marks, alterations, and citation omitted). *See also* 2 Donald S. Chisum, CHISUM ON PATENTS § 5.03[1][a] (2006) (discussing the doctrine of analogous art and its over 100-year history).

Basing a presumption on the analogous art best captures the innovative process, because such art is the very subject matter that one of ordinary skill would consider and use as the basis for combinations when making an invention. Thus, the presumption "consider[s] 'the reality of the circumstances,'" and reflects the "common sense" way to "decid[e] in which fields a person of ordinary skill would reasonably be expected to look for a solution to the problem facing the inventor." *Oetiker*, 977 F.2d at 1447 (quoting *In re Wood*, 599 F.2d 1032, 1036 (C.C.P.A. 1979)).

The relevant analogous art is initially defined in the patent application and may subsequently be narrowed through the application process. Indeed, the patent examiner must determine the scope of the analogous art, because an obviousness rejection can be based only on references within the analogous art. *See* Manual of Patent Examining Procedures ("MPEP") § 2141.01(a) (2005). To this end, the PTO already advises applicants to include a statement of the field of art in the specification, which informs the examiner's determination of the analogous art. *See* MPEP § 608.01(c) (stating, in relevant part that "[t]he Background of the Invention ordinarily comprises two parts: (1) Field of the Invention: A statement of the field of art to which the invention pertains"). As it is today, the burden of demonstrating that prior art references fall within the relevant analogous art would be initially on the patent examiner in patent application proceedings and on the party challenging the patent's validity in infringement proceedings. *See In re Bell*, 991 F.2d 781, 783 (Fed. Cir.

1993) (initial burden on the patent examiner); *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 881 (Fed. Cir. 1998) (burden on patent challenger); MPEP § 2141.01(a).

Once established, the presumption may be rebutted by evidence showing that a person of ordinary skill would not have been motivated to make the combination. Thus, rebuttal evidence might include proof that the combination was technologically infeasible or impossible at the time, or evidence that the prior art was "teaching away" from the combination. *See, e.g.*, *Tec Air Inc. v. Denso Mfg. Mich., Inc.*, 192 F.3d 1353, 1360 (Fed. Cir. 1999) ("There is no suggestion to combine, however, if a reference teaches away from its combination with another source.").[6] Certain secondary considerations, such as "commercial success, long felt but unsolved needs, failure of others, etc.," *Graham*, 383 U.S. at 17, that may be probative of whether there was any motivation to combine would also serve as rebuttal evidence, while other secondary considerations unrelated to such motivation would continue to have the same role that they do today: they would be used to bolster the ultimate conclusion of non-obviousness.[7] *See id.*; *see also* 2 CHISUM, *supra*,

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[6] *See also Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 961 (Fed. Cir. 1983) (holding that the "prior art's teaching away . . . [is] highly probative, objective criteria fully capable of serving as a foundation for the legal conclusion of nonobviousness"); *In re Sponnoble*, 405 F.2d 578, 587 (C.C.P.A. 1969) ("[W]e believe that the multi-reference rejection affirmed below is improper for reasons existing within the disclosures of the references themselves, namely, that the references themselves teach away from the combination.").

[7] Under *Graham*, the factors courts must consider in determining obviousness are as follows: "the scope and content of the prior art," "differences between the prior art and the claims at issue," and "the level

§ 5.06[1][b][i] (observing that secondary considerations are used to "rebu[t] prima facie obviousness"). Under this approach, the familiar and traditional framework of non-obviousness, including the basic test set forth in *Graham* and the teaching-suggestion-motivation test would remain, while the adverse impacts of the Federal Circuit's overly-burdensome evidentiary requirement would be remedied.

The rebuttable presumption test recommended by IBM would increase patent quality by reducing the issuance and successful enforcement of patents on trivial combinations that, on their face, would have been obvious to a person having ordinary skill in the art. In addition, the test is fundamentally fair to the patent applicant, because the applicant controls the scope of the art to which the presumption applies by defining in the original application and the subsequent application process the proper scope of its invention. The test also appropriately recognizes that the applicant is in the best position to balance its interest in obtaining broad patent coverage against the risk of a successful obviousness challenge resulting from an expansive definition of the relevant analogous art. If an applicant narrows the field of analogous art to avoid a presumption of combinability, the representation will bind the applicant and can be used to restrict the scope of the patent's claims. *See* 35 U.S.C. § 112. Thus, because the

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of ordinary skill in the pertinent art." 383 U.S. at 17. In addition, "[s]uch secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy." *Id.* at 17-18.

applicant defines the boundaries of the presumption through the scope of its invention, the proposed test appropriately encourages the applicant to arrive at the proper claim scope for its invention and to do so as part of the public record of the patent application.

B. The Rebuttable Presumption Approach Is Consistent With § 103 And This Court's Precedents.

IBM's proposed application of the teaching-suggestion-motivation test is superior to the other approaches proposed to the Court because it both preserves the intent of § 103 and is consistent with this Court's precedents.

First, the rebuttable presumption test is consistent with the language and intent of § 103(a). By its terms, § 103(a) provides that non-obviousness is judged "at the time the invention was made" according to what would have been known to a person of "ordinary skill in the art." 35 U.S.C. § 103(a). Presuming that references in the analogous art are combinable gives content and meaning to § 103's reference to a person of "ordinary skill in the art," because analogous art is what such a person would review as being reasonably pertinent to the problem based on the judgment of a person having ordinary skill in the art. *See Oetiker*, 977 F.2d at 1447. Moreover, the person having ordinary skill in the art is presumed to be a "mythically omniscient worker" with "perfect knowledge of all the pertinent prior art—however obscure its source." 2 CHISUM, *supra*, § 5.04[1][b] (citing *Wood*, 599 F.2d 1032). Thus, a presumption that analogous art references would be combined reflects the reality of the thought process of one ordinarily skilled in the art in view of the existing presumption that a person skilled in the art has

knowledge of that art. *See Oetiker*, 977 F.2d at 1447; *Wood*, 599 F.2d at 1036.[8]

Applying a rebuttable presumption is also consistent with Congress's intent to distinguish between novelty and non-obviousness. *See supra* pp. 7-9. The presumption establishes a clear body of art in which there is no need to

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[8] Applying IBM's proposed rebuttable presumption in infringement litigation is consistent with the statutory presumption of validity that attaches to issued patents. *See* 35 U.S.C. § 282. The proposed presumption does *not* establish obviousness, and thus invalidity, for two reasons. First, the proponent of the combination would still have to show that the combination results in the claimed invention. Second, if it does, the presumption would establish a motivation to combine references, placing the burden of coming forward with rebuttal evidence on the patent holder. The requirement to show that every element of the claimed invention is found in the prior art references and ultimate burden of persuasion remains on the patent challenger. The presumption that references within the prior art are combinable is thus consistent with the establishment of a *prima facie* case of obviousness. *See, e.g.*, *Recombinant Products & Nonobviousness: A Typology*, 13 SANTA CLARA COMPUTER & HIGH TECH. L.J. 1, 17-18 (Feb. 1997) ("*Recombinant Products*") (describing instances in which a presumption of obviousness has been applied in chemical compound cases, resulting in the establishment of a *prima facie* case of obviousness). It is well-established, moreover, that evidentiary burden-shifting in general is consistent with the presumption of validity. *See Apotex USA, Inc. v. Merck & Co.*, 254 F.3d 1031, 1037-38 (Fed. Cir. 2001) (explaining that rules allowing for a *prima facie* showing of invalidity are "in accordance with the statutory presumption in 35 U.S.C. § 282, [because] the ultimate burden of persuasion remains with the party challenging the validity of the patent"); *Innovative Scuba Concepts, Inc. v. Feder Indus., Inc.*, 26 F.3d 1112, 1115 (Fed. Cir. 1994) ("While a patentee may have the burden of going forward with rebuttal evidence once a challenger presented a *prima facie* case of invalidity, the presumption of validity remains intact and the ultimate burden of proving invalidity remains with the challenger throughout the litigation.").

prove a specific teaching or motivation to combine references, thus giving weight to "that which could readily be deduced from publicly available material by a person of ordinary skill in the pertinent field of endeavor." *Bonito Boats*, 489 U.S. at 150.

Second, the rebuttable presumption's focus on the patent application process is consistent with this Court's precedents. In *Graham*, this Court observed that § 103 analysis is based on "the pertinent art existing at the time the invention was made and [is] implicitly tied to advances in that art." 383 U.S. at 14. The Court paid particular attention to how the applicant identified (or failed to identify) the invention during the application process, and rejected the applicant's argument concerning a distinguishing feature of the claimed invention because the feature was not "hinted at in the specifications of the patent. If this were so vital an element in the functioning of the apparatus, it is strange that all mention of it was omitted." *Id.* at 25 (internal quotation marks and citation omitted). Thus, *Graham* illustrates that the identification of, or failure to identify, the distinguishing features of an invention during the application process is pertinent to the evaluation of obviousness. *See id.* at 33 ("It is, of course, well settled that an invention is construed not only in the light of the claims, but also with reference to the file wrapper or prosecution history in the Patent Office.").

By establishing a presumption based on the analogous art, the rebuttable presumption test encourages the applicant to provide a clear record for determining the scope of analogous art and to identify with specificity the distinguishing features of the invention in order to limit the application of the presumption during and after prosecution. And, by encouraging the patent applicant to refine the scope of the relevant analogous art through the patent application process, the rebuttable presumption approach results in the clear and objective development in the public record of the scope of art to which the presumption applies. Thus,

members of the public and reviewing courts can later judge the relevant analogous art with far greater certainty when evaluating whether the presumption of combinability should apply, determining obviousness generally, or establishing the scope and meaning of the claims.

The rebuttable presumption approach is also consistent with this Court's approach to presumptions in the patent context. In *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), this Court considered whether a patent owner is estopped from relying on the doctrine of equivalents when the owner purposefully narrows the scope of its claims during the patent application process but fails to explain why. The Court held that "[w]here no explanation is established . . . the court should *presume* that the patent applicant had a substantial reason related to patentability for including the limiting element added by amendment." *Id.* at 33 (emphasis added). Subsequently, in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 740 (2002), the Court extended this rebuttable presumption to the scope and meaning of the amendment itself, holding that "[a] patentee's decision to narrow his claims through amendment may be *presumed* to be a general disclaimer of the territory between the original claim and the amended claim." *Id.* (emphasis added).

Thus, this Court has previously found the application of a presumption appropriate in patent jurisprudence for reasons that are particularly compelling here. The presumption IBM proposes will give "proper deference" to the importance of "providing public notice," and "to the primacy of the PTO in ensuring that the claims allowed cover only subject matter that is properly patentable in a proffered patent application." *Warner-Jenkinson*, 520 U.S. at 33-34. Under the proposed test, the patent applicant controls the scope of art to which the presumption applies and bears the burden of rebutting the presumption. The public record of the application process will more definitively reflect the valid scope of the claimed

invention, enabling the patent process to fulfill its important public notice function and shifting the focus of the non-obviousness test from the litigation process to the patent application process.

C. The Rebuttable Presumption Test Provides A Workable Alternative That Advances Sound Patent Policy.

Applying a rebuttable presumption of combinability where the elements of an invention are all disclosed in the analogous art is a practically-applicable test that will provide notice to the public of a patent's valid scope and promote fairness and certainty in the patent system, thus encouraging innovation.

The rebuttable presumption test can be easily applied. The rebuttable presumption IBM proposes can be easily applied by patent examiners, courts, practitioners, and the public, because it builds on familiar existing practices. As explained in the preceding section, the application of a rebuttable presumption is nothing new in patent practice, *see* 35 U.S.C. § 282 (establishing a statutory presumption of patent validity); *Warner-Jenkinson*, 520 U.S. at 33-34; *Festo Corp.*, 535 U.S. at 740-41; *see also Recombinant Products*, *supra*, pp. 17-18 (explaining historical application of rebuttable presumption of obviousness in cases involving chemical analogs). The concept of analogous art, the standard by which the presumption is measured, is similarly well established, *see supra* pp. 18-19. Finally, because IBM's test impacts only the evidentiary requirements of the teaching-suggestion-motivation test, it preserves the familiar and important legal concepts underlying that test, and thus preserves settled expectations of the law.

The test provides clarity in the patent process. In addition to its practical advantages, the rebuttable presumption test focuses on promoting the Patent Act's overarching goal of "clarity" in patent rights—a clear benefit

over the Solicitor General's test. *See Festo Corp.*, 535 U.S. at 730. Because the patent and its prosecution history are in the public record and define the analogous art from which any rebuttable presumption is drawn, the public will be well informed of the parameters of the non-obviousness analysis, and inventors and interested members of the public (including alleged infringers) will be able to concretely evaluate patent validity based on non-obviousness without resort to litigation, ultimately promoting efficient innovation. *See* NRC Study at 46-47. This is a tremendous benefit because, as this Court has observed, "[i]f competitors cannot be certain about a patent's extent, they may be deterred from engaging in legitimate manufactures outside its limits, or they may invest by mistake in competing products that the patent secures." *Festo Corp.*, 535 U.S. at 732.

Although the proposed test will reduce the number of meritless patents for trivial combinations, proper application of the proposed presumption will not cause meritorious inventions to become unpatentable. The presumption will simply require the applicant to explain in greater detail the scope of the invention and the reasons why the cited references would not be combined. One of the recognized shortcomings of the current patent system is that it does not result in well-described patents. FTC Report Ch. 4, at 8-9 Allocating burdens per the proposed presumption will lead to a more robust application process and better-quality, more definite patents.

IBM's test also avoids the problem of hindsight that plagues KSR's proposed "synergy" test. The rebuttable presumption applies to references within the relevant analogous art, the scope of which is controlled by the applicant during the application process. As such, the combination of art is not premised on a reconstruction based upon a subjective, post-hoc impression of "invention" by an examiner or judge. The reviewing entity cannot pick and choose among references to combine, but is limited to the

particular field defined by the applicant. A resulting determination of combinability can also be rebutted by evidence showing that the person of ordinary skill in the art would not have been motivated to make it.

The rebuttable presumption test is fair. Finally, IBM's test is fair to all parties and across the various fields of invention. The test is fair to patent applicants because they control the breadth of the analogous art through their representations to the PTO. The test is also fair to the interested public and alleged infringers, because it removes from patentability those developments fairly described in analogous prior art, balances the applicant's interest in obtaining broad patent rights against the risk of invalidity under § 103 and ensures that the applicant will strike that balance in the public record, thus more clearly defining valid claim scope and providing notice to the public.

With respect to fairness across fields, it is well recognized that innovators in different fields encounter different patent examination standards for non-obviousness. *See* Dan L. Burk & Mark A. Lemley, *Is Patent Law Technology-Specific?*, 17 BERKELEY TECH. L.J. 1155, 1160-85 (2002).[9] The objective of non-obviousness jurisprudence is to allow for flexibility in the application of the law by focusing on the person having ordinary skill in the art, a standard that will differ by field. A rebuttable presumption based on the

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[9] Thus, innovators in some fields, in particular, chemical manufacturers, are promoting a stricter test for obviousness, while others are promoting a more lenient test based on interests specific to their respective industries. *See, e.g.*, NRC Study at 90-93. For example, chemical manufacturers often support the Federal Circuit's stringent obviousness evidentiary requirement, because chemical elements are well known, and the industry's goal is to find new ways to combine them. *Id.* at 91.

analogous art will be fair to all industries and will retain the field-sensitivity objective of current jurisprudence. The concept of the relevant "field" of analogous art is sensitive to the particular industry in which the patented invention will be practiced. In the chemical area, for example, a patent applicant can provide a precisely detailed description of the claimed invention, including narrow claims, resulting in a narrow field of analogous art to limit the presumption of combinability for obviousness. Also, the rebuttable presumption test fixes the determination of the scope of analogous art during the patent application process and does not allow for examination of post-issuance developments in the field. As industries and innovations become increasingly cross-disciplinary in nature, the analogous field of art concept can change, but the field in any particular patent application will be fixed during the patent application process. This approach is consistent with the Court's admonition that:

> The [non-obviousness] standard has remained invariable in this Court. Technology, however, has advanced—and with remarkable rapidity in the last 50 years. Moreover, the ambit of applicable art in given fields of science has widened by disciplines unheard of a half century ago. It is but an evenhanded application to require that those persons granted the benefit of a patent monopoly be charged with an awareness of these changed conditions. The same is true of the less technical, but still useful arts. He who seeks to build a better mousetrap today has a long path to tread before reaching the Patent Office.

Graham, 383 U.S. at 19. Thus, IBM's test is flexible enough to apply fairly to all industries and over time.

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The Federal Circuit's teaching-suggestion-motivation test is clearly broken. The difficult question is how to fix it, because any new test for non-obviousness must be clear,

certain, practically-applicable, and sensitive to the settled expectations of the law. IBM's approach provides that clarity in a test that builds upon existing precedents and practices in a manner consistent with the Patent Act.

CONCLUSION

The Federal Circuit's decision should be vacated and the case remanded for further proceedings.

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